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August 8, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: Application of Duke Energy Carolinas, LLC for Approval of Proposed Electric
Transportation Pilot and An Accounting Order to Defer Capital and
Operating Expenses
Docket No. 2018-321-E

Application of Duke Energy Progress, LLC for Approval of Proposed Electric
Transportation Pilot and An Accounting Order to Defer Capital and
Operating Expenses
Docket No. 2018-322-E

Dear Ms. Boyd:

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (the “Companies”) file this letter in response to the letter filed by the South Carolina Office of Regulatory Staff (“ORS”) on July 9, 2019 in the above-referenced proceedings concerning the proposed Electric Transportation Pilots (“ET Pilots”). The Companies and ORS have had a series of constructive conversations that are reflected in this filing.

The Companies hereby withdraw their request that the Commission decide in these proceedings whether it will permit the recovery of carrying costs on the costs the Companies incur to implement the ET Pilots once the costs are included in rates. The Commission will have an opportunity to address whether the accounting order should be granted and if recovery of carrying costs on the Companies’ costs incurred for the ET Pilots is appropriate in the next rate case proceedings for the Companies. If approved by the Commission, therefore, the Companies will defer all costs incurred in connection with the ET Pilots, including carrying costs, and parties will be permitted to address the prudence of these costs in the Companies’ respective next general rate case. As such, there is no pre-determination being requested and this now resolves ORS’s concerns related to the pre-determination, and the ORS has agreed not to seek notice and hearing in this proceeding.



The Companies would also like to address ORS's assertions that (1) there is no cost-benefit analysis "to establish any financial benefits relative to the costs incurred by the Companies['] ratepayers," and (2) "the speculative dollar figures of net benefits provided in the Companies['] study are based solely on the Companies['] assumptions and are therefore simply unsupportable estimates."¹ As explained in the Companies' Application, Amended Application, and Joint Reply Comments filed in this proceeding, an independent, third-party consultant evaluated the costs and benefits of the adoption of plug-in electric vehicles in South Carolina, and the resulting report was included as Exhibit A to the Companies' applications.² Rather than not establishing any financial benefits for the Companies' ratepayers, there was, in fact, an entire section of the report titled "Utility Customer Benefits" that discussed such benefits.³ The report concludes that electric vehicles ("EV") can provide just under \$800 per EV of net present value ("NPV") lifetime net revenue to the utility system even if charging is unmanaged, and over \$1,100 per EV if charging is managed. These benefits add up to significant sums, with the consultant forecasting an incremental \$106M of annual utility net revenue by 2030 if South Carolina can shift to a high-adoption growth trend. Through the forecast period of the study to 2050, moving to the high-growth scenario results in \$6.1B of cumulative NPV net benefits to utility customers. These net revenues would "put downward pressure on future rates, delaying or reducing future rate increases, thereby reducing electric bills for all customers,"⁴ and these financial benefits "would accrue to all electric utility customers in South Carolina due to greater utilization of the electric grid during low load hours"⁵ The proposed Pilots are an effort on the part of the Companies to realize those possible net benefits for South Carolina customers and pull them forward in time.

The Companies would also note that, as an independent study, the study was not "based solely on the Companies['] assumptions" but was instead based on EV charging data from studies across the U.S., the consultant's independent analysis of data from the Energy Information Administration's most recent Annual Energy Outlook (AEO 2017), and on "the total revenue that South Carolina's electric distribution utilities would realize from sale of this electricity, their costs of providing the electricity to their customers, and the potential net revenue (revenue in excess of costs) that could be used to support maintenance of the distribution system."⁶

The ET Pilots will advance the adoption of electric vehicles and the deployment of electric transportation infrastructure for the good of the State of South Carolina, as

¹ ORS Letter at 2 (filed July 9, 2019).

² M.J. Bradley & Associates, LLC, Electric Vehicle Cost-Benefit Analysis: Plug-in Electric Vehicle Cost-Benefit Analysis: South Carolina (June 2018).

³ *Id.* at 7-10.

⁴ *Id.* at 9.

⁵ *Id.* at ii.

⁶ *Id.* at 16.



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well as allow the Companies to better understand the impacts and benefits of the deployment of electric vehicle technology. Additionally, they are strongly supported by stakeholders including the Greenville County School District, Siemens, ABB, Volvo, Proterra, Honda, and thirty-one other businesses, schools, and organizations. For these reasons, the Companies respectfully request that the Commission approve the relief requested in the Amended Applications filed by the Companies on April 1, 2019. The Companies believe the matter is now ripe for a decision.

Thank you for your consideration of this letter. Please contact me should you have any questions or concerns.

Kind regards,

Sam Wellborn

SJW:tch

cc: Heather Shirley Smith, Deputy General Counsel (via email)
Parties of Record (via email)

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